

insulted. Their contributions were ignored, the Army refused to restore their rank and withheld information about the medals they deserve.

As Mr. Wade said about the Army, "When they enticed us to volunteer, they said that the units we were going into would be our permanent units when the war was over." However, this did not happen. Simply put, they were misled.

Mr. Speaker, Mr. Wade endured years of misinformation and dishonesty by his Army, by his Government. While it is late, it is fitting that last Thursday, the 50th anniversary of President Truman's order to integrate the military, Mr. Wade was finally awarded his Bronze Star and had his rank restored.

I would like to join our military in congratulating and honoring Mr. Wade. I join with a military that has changed for the better because individuals like Mr. Wade proved their worth and ability on the battlefield. Our servicemen and women of color can stand tall and move through their ranks because of people like Mr. Wade. We all offer him our thanks and gratitude. Most importantly, we all join our military in recognizing his being awarded the Bronze Star and being restored to the rank of sergeant.

REGARDING THE UNITED STATES-JAPAN INSURANCE AGREEMENT

HON. SANFORD D. BISHOP, JR.

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 27, 1998

Mr. BISHOP. Mr. Speaker, I rise today to ask to insert into the RECORD the following Memorandum which the American Family Life Assurance Company ("AFLAC"), a Georgia company, has submitted to Ambassador Barshevsky, the United States Trade Representative.

The United States Trade Representative will be leading an interagency review process to consider her decision regarding a violation of the United States-Japan Insurance Agreement.

She has asked that submission be made to her office, and I think it appropriate to share with the House the AFLAC submission, which I know will be of interest to many both inside and outside the insurance industry.

MEMORANDUM

To: Interagency Task Force on Yasuda Fire & Marine's Activities in the Third Sector
From: Alan Wm. Wolff, Charles D. Lake II
Date: July 27, 1998
Re: Scope of Review and Copies of AFLAC's Submissions

Yasuda Fire & Marine Co., Ltd. has entered the third sector and has caused and is causing "radical change" in the business environment of the third sector. Therefore, in response to a request from the Office of the U.S. Trade Representative, we are pleased to submit on behalf of American Family Life Assurance Company of Columbus ("AFLAC") additional copies of our submissions regarding Yasuda Fire & Marine's activities in violation of the U.S.-Japan Insurance Agreement.

The interagency review of Yasuda Fire & Marine's activities should be conducted on the basis of the primary object and purpose of the U.S.-Japan Insurance Agreement, which is enhancing U.S. market access in

Japan. The U.S.-Japan Insurance Agreement is designed to promote liberalization of the Japanese insurance market by preserving the third sector until the primary first and second sectors have been liberalized by the Government of Japan. To achieve this objective, the Japanese Government agreed to provide a "stand-still" in the third sector, until the primary first and second sectors have been liberalized.

"Stand-still" means that giant Japanese insurance companies such as Yasuda Fire & Marine are currently not permitted to enter the third sector (i.e., stand-alone cancer or medical market) or cause "radical change in the business environment" of the third sector. This commitment is premised on the fact that these giant Japanese companies have been the principal beneficiaries of the highly protected primary sector in Japan. The basic bargain struck under the agreement is that until companies like Yasuda are forced to face international competition in the primary sector, giant Japanese companies would not be allowed to penetrate the third sector. The U.S.-Japan Insurance Agreement is about one thing and one thing only, that is, access to the Japanese market for the sale of insurance.

It is essential that the interagency task force conduct its review of Yasuda Fire & Marine's activities in the third sector of the Japanese market by examining the evidence based on the object, purpose, and specific requirements of the agreement. A single, narrow focus on the question of whether CIGNA "controls" INA Himawari does not provide an appropriate basis for review of the available evidence and relevant issues. Yasuda Fire & Marine's activities in the third sector pose an unprecedented trade policy challenge to the United States with respect to its ability to enforce its trade agreements. It involves a clever scheme by a giant Japanese company to use its previously unsuccessful joint-venture partner both as a sword and shield to circumvent a trade agreement. Accordingly, we urge the interagency task force to consider the following facts:

Yasuda announced its agreement to buy majority ownership of INA Life, CIGNA's unsuccessful subsidiary, in August 1996.

Yasuda renamed the subsidiary INA Himawari ("Sunflower") to add the Yasuda corporate symbol to the name of the subsidiary to provide public identification of the entity as part of Yasuda.

Yasuda covered INA Himawari promotional materials in sunflowers to further establish in the public's mind that INA Himawari products were Yasuda policies.

Yasuda transferred 10,000 of its agents to INA Himawari to sell third sector products, and there is a potential for approximately 60,000 additional Yasuda agents to be transferred.

Yasuda has linked its proprietary computer sales systems, integrating its new "subsidiary" into its database, thus enabling the two companies to provide a seamless line of insurance products.

Yasuda represented to its agents that INA Himawari was in fact its subsidiary.

Yasuda's agents acting through INA Himawari targeted AFLAC's policy holders for replacement sales.

Yasuda used its keiretsu links to further extend policies into the third sector.

Yasuda cross-subsidized the sale of INA Himawari products by offering its agents special incentives rewarding aggressive sales of INA Himawari products.

Yasuda violated Japanese law in several regards in selling these policies in the third sector. Yasuda agents:

Offered rebates to new policy holders;

Misrepresented INA Himawari as a Yasuda subsidiary;

Conducted inappropriate product comparisons; and

Provided inappropriate information on AFLAC's cash surrender refund amounts.

Without agreeing to sell off their companies, change their corporate names and identities, take on platoons of outside managers, and disclose proprietary information, it is impossible for AFLAC or other foreign companies to enter into similar arrangements with other giant Japanese insurance companies. The transfer of Yasuda's agents to INA Himawari is the direct result of CIGNA's withdrawal from the life sector. It is impossible for other foreign companies dedicated to staying in the Japanese market to commit to such arrangements.

As Yasuda Fire & Marine's penetration of the third sector continues, foreign firms have been and are currently denied opportunities accorded to Yasuda and other giant Japanese insurance companies in the primary life and non-life sectors.

We further urge the interagency task force to consider among other things the following issues:

Are Yasuda Fire & Marine's activities in the third sector consistent with the object and purpose of the U.S.-Japan Insurance Agreement?

Has Yasuda Fire & Marine entered the third sector or has it caused or is it causing "radical change" in the business environment of the third sector?

Does participation in ownership by a U.S. entity in a joint-venture provide a blanket exemption for the Japanese partner from the agreement's provisions?

Has Yasuda Fire & Marine or INA Himawari engaged in activities designed to mislead agents and consumers into thinking that INA Himawari is Yasuda's subsidiary or a functional member of Yasuda keiretsu?

CIGNA is disinvesting from the Japanese market and seeking to increase its exit price by taking advantage of the U.S.-Japan Insurance Agreement. Are CIGNA's actions consistent with the U.S. objective to improve market access?

Does permitting Yasuda Fire & Marine to continue its activities in the third sector through INA Himawari promote U.S. market access to the Japanese insurance market?

When a prima facie case of a trade violation is presented, and a responding company has exclusive possession of certain relevant information, the burden of production should shift to that responding party. Further, if that responding party refuses to cooperate and provide the necessary information to conduct an impartial review, an adverse inference should be used against that party.

The interagency task force's decision should promote market access in Japan and discourage other Japanese companies from using their U.S. joint-venture partner to circumvent U.S.-Japan trade agreements.

CONGRESSIONAL RECOGNITION OF DON HORN

HON. SHEILA JACKSON-LEE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 27, 1998

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise today to pay tribute to Don A. Horn, whose dedication to the labor movement and community of Houston deserve the utmost praise and admiration. From his extended tenure with the AFL-CIO in Harris County to the innumerable charity's and non-profit organizations he faithfully served, Mr. Horn's selfless